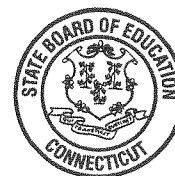


# STATE OF CONNECTICUT

DEPARTMENT OF EDUCATION



Testimony Presented to the Appropriations Committee  
March 25, 2014

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Commissioner  
Department of Education

Good morning, Senator Bye, Representative Walker, and members of the Appropriations Committee. I am here today to offer testimony regarding Governor's Bill 5034, "An Act Making Deficiency Appropriations for the Fiscal Year Ending June 30, 2014. I am accompanied today by senior staff who are prepared to address questions relevant to their areas of expertise.

Based upon recent estimates, we believe that the potential deficiency for fiscal year 2013-14, would be \$10.5 million against our total appropriation of \$2.9 billion, after factoring in surplus accounts. This figure is for the agency as a whole and represents a variance of 0.3 percent from the original appropriation.

Expenditures in the magnet school account are currently projected to be \$284 million against an appropriation of \$265 million as adjusted by carry forwards and holdbacks. The anticipated deficiency of \$19 million can be mitigated within our agency budget through a transfer of \$2.5 million from the Sheff Settlement line item and FAC action transferring \$6 million in expected lapse in the Open Choice account to the magnet school account. The expected shortfall in the magnet school account is related to a several factors: significant enrollment growth, unbudgeted legislation requiring the State to pay prekindergarten tuition costs to interdistrict magnet schools operated by Regional Educational Service Centers (RESCs) and projected supplemental transportation costs associated with the *Sheff* settlement. The deficiency has been further exacerbated by a \$5 million generic reduction to the account enacted during the 2013 legislative session.

Statewide enrollment between school year 2012-13 and 2013-14 in magnet schools increased by 4,018 students or 13%. The school year prior to this saw an increase in student enrollment of less than 3,000 students. To accommodate the increased enrollment and transportation costs an additional \$6.4 million is needed.

For fiscal year 2013-14, Public Act 13-247 allows a RESC operating an interdistrict magnet school offering a preschool program to charge tuition to the State Department of Education (SDE) for each child enrolled in the program. Historically, such tuition was charged to the district the child resides in and has therefore not been a budgeted expenditure. Current data shows that these tuition payments will cost the State \$5.4 million in unbudgeted funds.

The Sheff settlement requires the SDE, through the Regional School Choice Office (RSCO), to operate a regional transportation system for all Sheff programming, including magnet schools. For fiscal year 2013-14, it is estimated that the system will transport 10,500 students from 79 towns to 41 magnet schools. Given the size and complexity of the system, the statutory per pupil grant of \$2,000 is insufficient to support the cost of the system. This amount has remained

unchanged since fiscal year 2011, and any resulting shortfall has been covered through surpluses generated in the account from fluctuations in actual versus projected enrollment.

In cooperation with its transportation vendor, RSCO has made significant changes to the system to increase efficiency and reduce costs over the last several years. These changes include utilizing central stops, tiering bus routes where possible, and sharing buses between magnet schools that are located near each other. While these measures help minimize the cost of transportation, they will not reduce per pupil transportation costs to a level of \$2,000 per pupil. Current estimates indicate that \$14.5 million in supplemental transportation costs will need to be paid in order to provide transportation in the Sheff region and for the State to meet the goals required in the Sheff agreement. Of that amount \$7.2 million will need to be available this year with the balance funded next year after a final audit of transportation expenditures.

Once again, thank you for the opportunity to address this issue. We appreciate your continued support of the Department's programs and services on behalf of Connecticut's children.